Participating Life Insurance Performance

This document is provided to assist current and prospective policyholders of participating whole life at Co-operators Life insurance Company, to understand the participating and dividend crediting portion of their polices. The Insurance Companies Act and Guideline E16 of the Office of the Superintendent of Financial Institutions lay out and mandate information which should be provided to policyholders. This document, along with the Policyholder Dividend Policy and Participating Accounts Management Policy, which can be found on our website, provide such information.

Companies with participating policies must maintain one or more Participating Accounts which are held separate from the Non-Participating Accounts of the Company. Co-operators Life Insurance Company has two such Participating Accounts. The larger one encompasses the assets of the participating policies which have been issued by the Company since it's inception in 1945. The smaller account holds the assets and liabilities of a block of policies originally issued by CUMIS Life Insurance Company which was amalgamated into Co-operators Life Insurance Company on December 31, 2021. The CUMIS Participating Account is closed to new business and the dividend scale is frozen.

In a participating whole life policy, the policyholder is entitled to participate in the experience of the Participating Account via dividends. Dividends reflect the experience over time of one or more parameters, which can include:

- Investment earnings;
- Mortality;
- The rate at which policyholders terminate their policies; and
- Expenses, including taxes

Co-operators Life policy dividends are predominantly determined by investment experience, with only 5% being derived from other factors.

The assets of the Participating Account are managed by Addenda Capital, a majority owned subsidiary of Co-operators. Addenda Capital is one of Canada's largest multi-asset investment firms, with over $39 billion under management.

The Company believes it is important to maintain a strong and stable flow of dividends to participating policyholders. To that end we manage the assets of the fund with an eye for sustained performance. The Company's Investment Policy and Asset Liability Management Policy determine the target mix of assets to be held in the Participating Account. Below is the actual and target mix of assets in both Participating Accounts at December 31, 2025.

Asset Mix	Actual Weight	Target Weight Range
Bonds	69%	35-100%
Mortgages	5%	0-25%
Canadian Equities	16%	0-25%
Preferred Shares	9%	0-15%
Alternative Investments	1%	0-10%
Other	0%	0-15%

Annually, the Board of Directors determines the amount of dividends to be distributed to the participating policyholders based on recommendations from management. The Board of Directors has approved polices on the management of participating accounts and the determination of dividends which have been filed with our regulators and are subject to annual opinions on their fairness by our Appointed Actuary. In addition, the Appointed Actuary must provide fairness opinions on our methods of allocating investment income and expenses.

Information on the current and historical Dividend Scale Interest Rates, Participating Account investment rate of return and Participating Surplus investment rate of return can be found below. Investment rates of return are expressed as a market yield without smoothing and net of investment expenses. Historical average annual rates prior to 2025 are reported on a best effort basis.

Dividend Scale Interest Rate by Dividend Class

	Current year (2025)	Historical Average Annual Rate 5	10	20
Whole Life Protector and Family	6.00%	5.96%	5.90%	NA
Whole Life Ascend and Enhanced	6.00%	5.96%	5.90%	NA
Life Plus	5.85%	5.52%	5.28%	5.58%
Variable Premium Whole Life	6.15%	5.86%	5.41%	5.68%
Policies Issued Between Sept. 1990 and Oct. 25, 2013	5.85%	5.52%	5.21%	5.56%
Policies Issued Between Jan. 1989 and Sept. 1990	5.70%	5.36%	5.06%	5.27%
Policies Issued Prior to Jan. 1989	5.85%	5.52%	5.21%	5.50%
Participating Account Investment Rate of Return	4.85%	4.16%	5.00%	5.77%
Participating Surplus Investment Rate of Return*	8.60%	5.64%	5.97%	5.52%

*Investment returns from the Participating Account Surplus are excluded from the determination of dividends.

Financial information for the two Participating Accounts for the last two financial years can be found below.

December 31, 2025 (thousands of dollars)	Total	Original Participating Account	CUMIS Participating Account
Surplus, beginning of the year	**963,381**	**957,720**	**5,661**
Comprehensive Income before the payment of the policyholder dividends	45,183	45,736	(553)
Policyholder dividends distributed during the year	(11,311)	(11,180)	(131)
Amounts transferred to shareholders under s. 461 of the Act	(473)	(473)	–
Other transfers	–	–	–
Surplus, end of year	**996,780**	**991,803**	**4,977**
Total Assets	**2,935,876**	**2,913,727**	**22,149**

December 31, 2024 (thousands of dollars)	Total	Original Participating Account	CUMIS Participating Account
Surplus, beginning of the year	**863,688**	**857,725**	**5,963**
Comprehensive Income before the payment of the policyholder dividends	109,094	109,263	(170)
Policyholder dividends distributed during the year	(9,021)	(8,888)	(132)
Amounts transferred to shareholders under s. 461 of the Act	(381)	(381)	–
Other transfers	–	–	–
Surplus, end of year	**963,380**	**957,719**	**5,661**
Total Assets	**2,833,102**	**2,810,267**	**22,835**

The shareholder portion of participating income is determined in accordance with the Insurance Companies Act.
The percentage of funds distributed during the year to shareholders is 4.2% (2024 – 4.2%).

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